Land and Water
British Columbia Inc.

2001/02
SERVICE PLAN REPORT

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A Year of Transition

The Government of British Columbia is committed to reporting on performance. The *Budget Transparency and Accountability Act* (BTAA), as amended in August 2001, provides the legislative framework for a regular cycle of planning, reporting and accountability. Under the BTAA ministries and corporations are responsible for producing three-year service plans (previously called performance plans), which are updated yearly, and annual service plan reports (formerly called performance reports). The amended BTAA takes effect beginning with the 2002/03 fiscal year and the first three-year service plans, covering the period 2002/03 to 2004/05, were released with the provincial budget on February 19, 2002.

This annual service plan report relates to the previous fiscal year, covering April 1, 2001 to March 31, 2002. This was a transition year, with a new government sworn into office on June 5, 2001. On that day, there was an extensive reorganization of ministries and organizations, which were given significant new policy direction and tasked with the responsibility for implementing the government's *New Era* commitments. Later in the year, ministries and corporations proceeded through the Core Services Review, which refined the mandates and identified the strategic shifts that were required.

This report provides an update on all that activity and also provides a report on performance, approaching the model provided by the BTAA as closely as is appropriate in the circumstances. An annual report would normally relate to a preceding plan, and report on the results achieved compared to the intentions outlined in that plan. In this case, the preceding plan was produced before the adoption of the significant changes outlined above. The corporation has been significantly reorganized since then and policies and priorities have changed. This limits the extent to which performance information as described in the previous plan is useful.

This report sets out the corporation's redefined role and the services it provides and, within the context of its goals and objectives as they evolved through the year, describes the achievements and the performance targets being used to measure success.

New Era Commitments

STRATEGIC TARGET	ACHIEVEMENT
• Eliminate backlog and delays in Crown land applications	• 97% reduction (1,536 applications processed) • Application process redesigned to achieve 50% reduction processing time
• Provide faster decisions and greater access to Crown land and water resources to protect and create jobs	• 90% of new land applications processed within 140 days • Redesigned water application process
• Create economic growth in a sustainable, balanced manner	• 169 new development opportunities identified
• Optimize financial return to the Province	• $46.1 million dividend to government
• Better, quicker client service	• Client service coordinators in place in every region • Application forms and reasons for decision posted on Internet • Toll-free line to assist clients (1-866-632-8600) • Reduced referral requirements and timelines by negotiating Memorandum of Understanding Referral Agreement application guidelines • Established regional service areas in four major centres

Accountability Statement

The 2001/02 Land and Water British Columbia Inc. annual Service Plan Report was prepared under my direction and I am accountable for the results achieved since June 5, 2001. This report describes progress made in this first year on the government's *New Era* commitments, which are to be addressed by May 17, 2005.

Honourable Stanley B. Hagen
Minister of Sustainable Resource Management and
Minister Responsible for Land and Water British Columbia Inc.

June 2002

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Message from the Chair

British Columbia's Crown land and its associated water resources are finite resources that require careful management to maximize social, economic and environmental values. In addition, these resources have an intrinsic value based on their natural beauty, which includes examples of virtually all climatic zones, from desert ecosystems to coastal rainforests to glacial landscapes.

Sustainable development of Crown land and water resources presents a significant opportunity to stimulate and diversify the provincial economy. Unless these resources are well managed, the benefits will not be fully realized. Decisions on the use of Crown land and water resources must meet the government's sustainability principles. The goal of these principles is to build shared views, responsibilities and partnerships, both inside and outside of government, to ensure that B.C. achieves a sustainable future.

Sustainably managed Crown resources will provide B.C. with a distinct competitive advantage as we move toward our goal of helping to revitalize the provincial economy.

J. O'Riordan

Jon O'Riordan
Chair of the Board
June 2002

Message to the Shareholder

I am pleased to present the annual Service Plan Report. Over the course of this reporting year, staff have focussed on creating a new, flexible, responsive, high-performance organization adapting to the changing needs and demands of clients. We have laid the groundwork from which we can respond to the social and economic changes occurring in B.C.

Businesses are demanding speed and simplicity in application processes, the public is demanding more responsible land stewardship, transparency in land allocation decisions, and more openness and accountability. The Ministry of Sustainable Resource Management and Land and Water British Columbia Inc. share the challenge and responsibility for balancing economic, environmental, social and cultural pressures to conserve or allocate Crown resources for public and private uses. I am pleased to report that the corporation has made significant progress in achieving its major goals. Some of the highlights include:

- increasing access to the province's land and water resources and creating more business opportunities on Crown land by streamlining the land application process and providing a decision in 140 calendar days – while maintaining a balance between economic and environmental values
- providing better client service by integrating water licensing functions with Crown land tenuring activities
- improving economic return to the province by reducing the backlog of applications for Crown land by 97 per cent and the backlog of water licence applications by 30 per cent
- providing downloadable application forms with supporting information packages, and establishing transparency and accountability by posting applications and decisions on our Web site
- providing more efficient client service by reorganizing the corporation's regional structure (The structure now consists of four regional service centres supported by field offices. Each office has a client service coordinator to assist clients with the application process. A province-wide toll free information line has also been established.)
- increasing recognition of the value of Crown land by taking steps to move to market value in the pricing of resources
- working with communities and First Nations to develop partnership opportunities to leverage economic growth and stimulate local economies
- increasing access to Crown land by identifying a larger supply of marketable land
- supporting the 2010 Olympic bid by providing dedicated staff resources to assist with identifying land needs and opportunities.

I am impressed with our success to date and remain confident that we will continue to work toward meeting our goals and objectives for the coming years.

Bill Valentine
President and Chief Executive Officer
June 2002

Organization Overview

Corporate Mandate

Land and Water British Columbia Inc. (LWBC), renamed from the B.C. Assets and Land Corporation in 2002, is the Crown corporation responsible for managing and making decisions regarding the use of Crown land and water resources for the public benefit.

The former B.C. Assets and Land Corporation focused on land activities only. Through the mandate established by the new government and the strategic shifts identified in the Core Services Review, the corporation has expanded its mandate to include responsibilities for water licensing and allocation. This new organization has realigned its focus on economic development and is working to achieve balanced decisions that maintain key environmental values. Through streamlined processes and reduction of red tape, we have become more client-focused, responsive and transparent in our decision-making and have significantly improved access to Crown land.

LWBC works within the sustainability framework provided by the Ministry of Sustainable Resource Management (MSRM) in implementing land-and water-use decisions. We play a key role in supporting provincial economic growth and development. Crown land and water allocations support job creation, capital investment and economic diversification, which in turn help build vibrant communities and local economies.

Vision

A vibrant economy supporting the social and environmental values of British Columbians.

Mission

Allocate Crown land and water resources to stimulate British Columbia's economy through balanced economic, social and environmental decision-making.

Principles

LWBC is committed to the following principles to guide its activities and delivery of public services:

- Sustainability – manage our land and water resources to ensure that the needs of present and future generations of British Columbians are met by balancing economic, social and environmental values
- Integrated resource management – minimize conflicts over the use of land and water resources through co-ordinated decision-making that takes all resource values into account
- Science-based decision-making – use the best available knowledge and technology to support consistent decision-making
- Shared stewardship – exercise our stewardship responsibilities in a consultative and collaborative manner, to address diverse interests and build strong governmental, industrial and environmental partnerships
- Public and client consultation – provide opportunities to contribute to decision-making and improvement of service quality
- Intergovernmental harmonization – partner with all levels of government to harmonize policies, legislation and standards, and establish clear accountabilities for results.

Values

LWBC is committed to the following values regarding organization and staff behaviour:

- professionalism in all interactions with clients and staff
- high-quality client service that is efficient and timely
- respect for the opinions and values of others
- creativity and innovation in achieving the corporation's goals and objectives
- responsive management in a changing environment
- continual improvement in performance
- accountability to the people of British Columbia.

LWBC is committed to high-quality client service that is streamlined for efficient and timely decisions

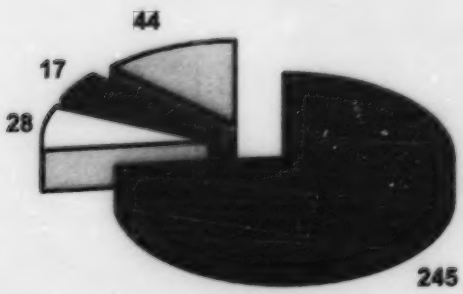
Enabling Legislation

The Ministry of Sustainable Resource Management (MSRM) has statutory responsibility under the Land Act, the Ministry of Lands, Parks and Housing Act and the Water Act for providing provincial leadership in promoting sustainable economic development of the province's land and water resources. To this end, the ministry develops high-level, strategic land, water and resource plans, policies and principles. Land and Water British Columbia Inc. (LWBC) is responsible for making Crown land and water allocation decisions, and managing Crown land sales within the ministry's strategic policy framework.

A land delegation agreement between MSRM and LWBC provides the corporation with the legal authority to act on behalf of the Province in land tenure administration and Crown land sales, and to act as the ministry's agent in ensuring compliance with the Land Act. Through the transfer of the statutory office of the Comptroller of Water Rights, LWBC has been given additional responsibilities for the administration and licensing of Crown water resources. In addition, the corporation is guided in its day-to-day operations by Crown land-and water-use policies and its First Nation consultation and Aboriginal interest assessment guidelines.

The planning and policy activities undertaken by MSRM, when implemented by LWBC, result in diversified economic development and growth throughout B.C., with a significant presence and impact in rural and coastal regions of the province.

Operating Structure and Number of Staff by Division



- **Land and Water Management** – processes applications; manages 32,000 land tenures and 42,000 water licences
- **Development and Marketing** – identifies, develops and markets Crown land
- **Business Development** – creates and implements business opportunities on Crown land
- **Corporate Offices/Services** – provides executive, communications, financial and administrative services

Location of Operations

Land and Water Management Division staff currently operate from *four regional client service centres* located in Kamloops, Nanaimo, Prince George and Surrey and *eight field offices* located in Campbell River, Colwood, Cranbrook, Fort St. John, Nelson, Penticton, Smithers and Williams Lake. Development and Marketing Division operations are undertaken by staff co-located in the Kamloops, Victoria, Prince George, Smithers and Surrey offices. The executive, Corporate Services Division and Business Development Division personnel work out of Victoria headquarters.

Crown land tenures

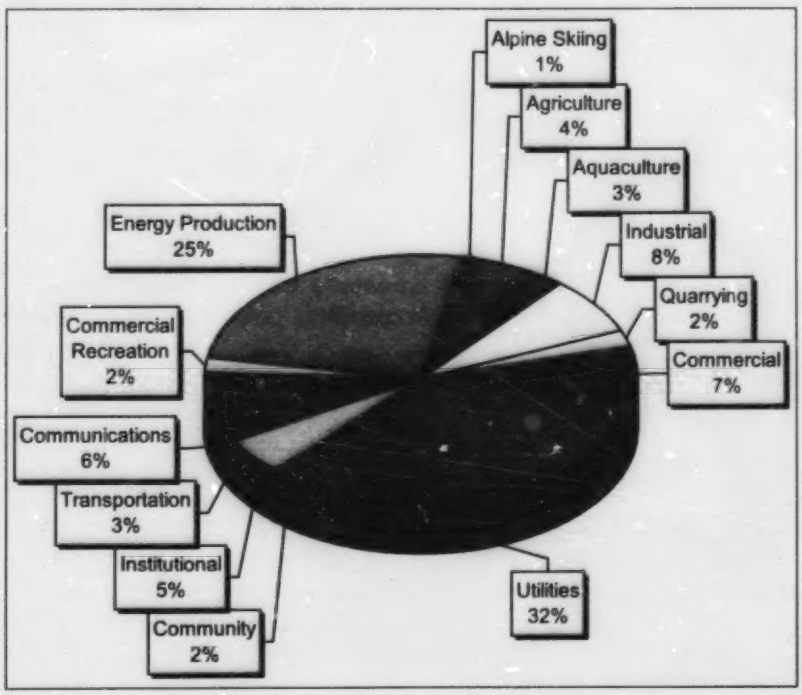
Land and Water British Columbia Inc. manages a portfolio of approximately 32,000 land tenures (leases, licences, rights-of-way and reserves). Of these tenures, approximately 22,000 allocate Crown land to private individuals and companies for a wide range of commercial, industrial, agricultural, commercial recreation and settlement uses and are detailed in the chart below. The remaining 10,000 reserves allocate land for government uses, including conservation purposes, gravel extraction for highways, or provincial and federal government infrastructure (i.e., fish hatcheries and navigation aids).

While reserves do not generate direct revenue, substantial benefits are derived by government and the public as a result of land and resources that have been set aside for government uses. Conversely, land tenures, which allow private individuals and companies to use Crown land, generate substantial direct revenue and indirect economic benefits.

In addition to managing tenures and reserves, LWBC processes approximately 2,000 new applications each year for tenures and renewals that further contribute to the economy by producing new jobs, revenue and capital investments.

Principal markets or clients served

The chart illustrates current LWBC land tenure portfolio[1].



[1] Data reflects the tenure portfolio as of May 6, 2002

Water Management

Water Management regulates 180 private water utilities that provide water service to approximately 27,000 households.

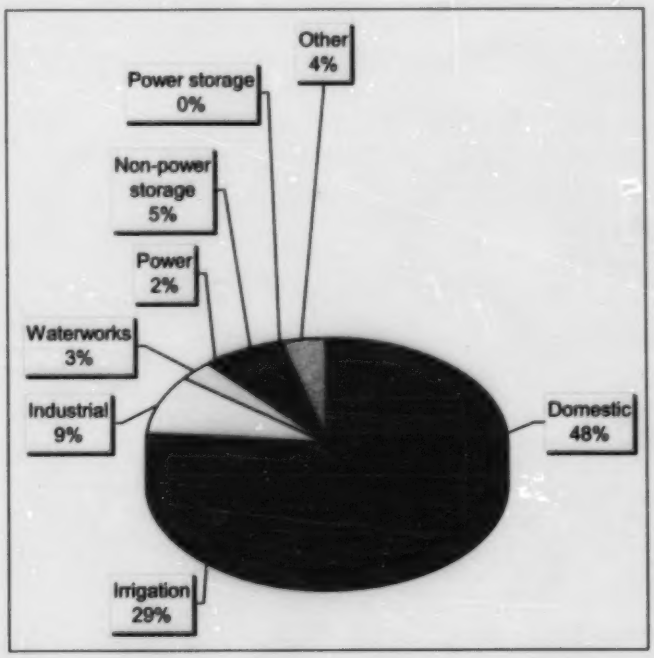
Land and Water British Columbia Inc. provides three distinct services relating to the management of provincial water resources. First, the corporation licenses water storage dams to prevent dam failure and misoperation, and the associated social and economic loss and environmental damage. Second, Water Management staff develop water use plans that balance the inter-related issues of fish stocks, aquatic environments, flood protection, recreation, water use and hydro-electric management. Third, LWBC issues and manages water licences and manages appeals under the Water and Utilities Act. This function involves responsibility for regulating privately owned water systems.

The Ministry of Sustainable Resource Management is responsible for strategic water policy, planning, water inventory and data management.

The Ministry of Water, Land and Air Protection water management responsibilities include policy development for instream flow needs, water conservation, bulk water exports and water quality, along with state of the water resource reporting, groundwater enforcement, dyke inspection and floodplain management. Drinking water protection responsibilities are shared by the Ministry of Health and WLAP.

Principal markets or clients served

The following chart illustrates LWBC water licence portfolio[2]:



[2] Data reflects the water licence portfolio as of May 8, 2002

Crown Land Sales

To maximize economic development and public benefit, LWBC uses a variety of strategies, including joint ventures, public/private partnerships and public offerings

Land and Water British Columbia Inc. identifies, develops and markets Crown land on behalf of government. In taking a lead role in working with the private sector, local governments and First Nations, we are able to identify and provide sustainable economic growth opportunities.

LWBC acquires land through purchase or exchange to meet provincial needs. It establishes an inventory of property with development and sales potential. Land approved for sale is sold in accordance with relevant government requirements, and is marketed for permitted commercial, industrial, agricultural, residential and recreational uses. Decisions to market and offer Crown land opportunities to the public (at fair market value pricing) incorporate economic, environmental, social and Aboriginal considerations. To maximize economic development and public benefit, the corporation uses a variety of strategies, including joint ventures and public offerings. The goal is to proactively market Crown land through planning, subdividing, servicing and rezoning initiatives.

The development and marketing of Crown land is an essential activity in many of B.C.'s coastal, northern and Interior communities, where Crown land may represent the only source of land available for much-needed growth and services, and the diversification of local economies.

The Year in Review

Key financial and operational highlights and trends

The focus in 2001/02 was on the reduction of the application backlog and meeting the target turnaround times for land applications. As a result of this emphasis, tenure-related revenues increased 29 per cent over the previous year. However, during the past fiscal year, overall volume of land sales was substantially less than anticipated due to economic conditions and deferred sales. Targets were based on assumptions of strengthening regional economies, strong growth in the real estate market, and the level of interest among existing clients in purchasing their Crown land tenures.

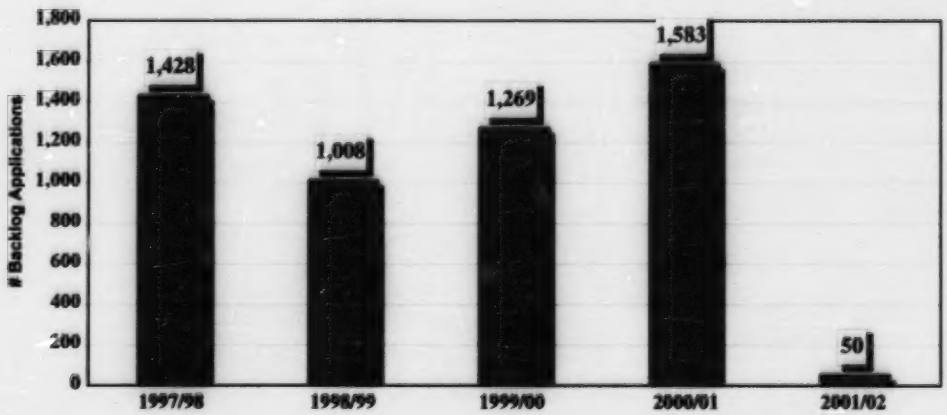
The corporation has taken corrective action to improve its forecasting and revenue collection process. It has also reduced operational budgets to improve its financial performance in 2002/03.

Operationally, the corporation has succeeded in eliminating 97 per cent of the backlog of Crown land applications and reducing the backlog of water licence applications by 30 per cent.

The following table illustrates the dramatic decrease in land application backlog from 1,583 (2000) to 50 (2001) in response to government's *New Era* direction to reduce backlog and land application processing times.

The corporation has successfully eliminated 97% of the backlog of Crown land applications and 30% of the water application backlog

Backlog



Effective and efficient client service has been a priority. Some of the client service highlights are:

- 90 per cent of new Crown land applications are being processed in a maximum of 140 days
- four new regional service centres were created, each headed by a director who has a higher level of authority and is a member of the executive committee of the corporation

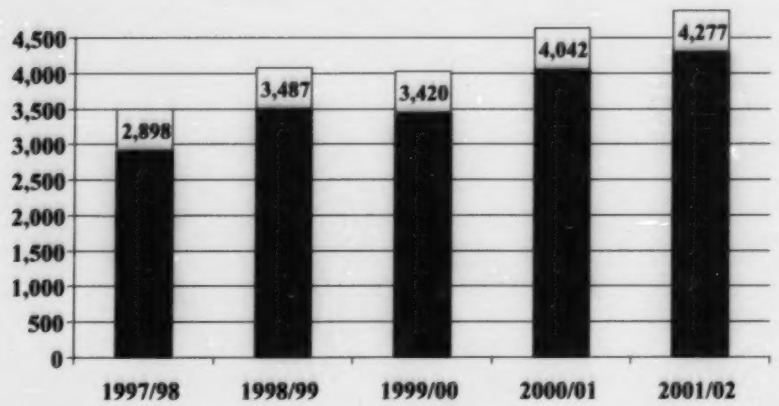
- the film industry in B.C. was provided with excellent client service and responsiveness by processing all applications within three days
- a single contact was provided in each office through a client service coordinator; a province-wide toll-free information line was also established
- consistency was established in business rules between regions to give clients more certainty and equity
- opportunities were created by using Crown land to enhance local economies in the southern interior and northern region by the development of recreation cottage lots
- additional business partnership opportunities were developed through the North Vancouver Island Tourism Initiative.

Tenuring highlights include:

- 4,277 tenures issued, an increase of 235 over the previous year
- first tenure issued under the three-year Fraser River Gravel Management Plan
- participated in local land use planning such as the Golden Recreation, Central Coast Land and Coastal Resource management plans to better integrate tenuring activities in the region
- participated in aquaculture opportunity studies for North Coast, Quatsino Sound, Kyuquot Sound and North Island Straits
- continuing to work on an integrated plan for Nootka Sound Shellfish Action Plan

The following table indicates that the total number of land tenures offered (including new and replacement tenures) has grown substantially from 2,898 (1997) to 4,277 (2001). This is in part due to the corporation focusing on backlogged land applications. It is not expected that this kind of growth rate will be sustained in future years.

Total Land Tenures Offered



Agreements with First Nations included

- replacement of the 20-year Nanaimo River estuary head lease
- agreement with the Snuneymux First Nation to support shellfish harvesting
- memorandum of understanding with 11 First Nations to better support their access to Crown land and provide sustainable economic development opportunities.

Major Initiative

As part of the new government's Core Services Review, LWBC reviewed its effectiveness with the intention of making the corporation more accountable, more customer-focused and more responsive to community concerns. As a result of this review, the corporation began a process of major change with the objective of delivering on government's commitment to use Crown resources to help stimulate the economy without harming the environment.

Land and Water BC Inc. reviewed its effectiveness with the intention of making the corporation more accountable, more customer-focused and more responsive to community concerns

The redesign of the Crown land tenure application process, implemented on November 5, 2001, was an example of a major development that had a significant impact on the corporation's performance during 2001/02. The successful completion of this program positioned LWBC to move ahead with the integration of the water licensing function and land tenuring in 2002, eliminate the backlog of applications over one year old, and ensure the backlog situation does not reoccur by establishing a 140-day turnaround time for new Crown land applications in 90 per cent of the cases.

The project was an overwhelming success, exceeding backlog targets and benchmarks set for delivery.

The next steps will be to ensure that all decisions are transparent and publicly accessible by posting applications on the Web site, and to allow the public to track applications from acceptance through to decision. Additionally, the reasons for the decision and other key elements of the decision (e.g., tenure conditions and restrictions) will be available on the Web site for public viewing in the new fiscal year.

Report on Performance

GOAL 1: Facilitate new business opportunities on Crown land to help establish British Columbia as the leading economy in Canada

Land and Water British Columbia Inc. has met government's *New Era* direction to improve access to Crown land by decreasing the processing time of new applications by 50 per cent, facilitating the development and sale of as much Crown land as the public and business required, initiating comprehensive realignment of operational policies to ensure a more proactive approach to land-use decision-making, increasing its marketable land inventory for sale to the public, developing targeted partnership opportunities leveraging Crown land as capital to diversify coastal and rural economies, and providing First Nations with economic development opportunities on Crown land.

Increased public access to Crown land has occurred during 2001/02 notwithstanding a number of factors, including:

- an economic slowdown in the Interior and other rural and coastal communities
- increasing involvement of First Nations in proposed Crown land dispositions
- local government interest in and zoning of Crown lands within municipal/regional boundaries.

OBJECTIVE 1: Provide greater access to Crown land, which creates and protects jobs

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Manage existing tenure portfolio to generate economic activity and revenue	# of new tenure applications processed	2000 by fiscal year end	3,176	Target surpassed.
	Actual annual revenue from new tenures	$1.7 million	Revised target	Financial reporting does not currently separate new year revenue from total revenue in 2001/02. Changes to reporting processes now ensure this data will be collected for 2002/03 and subsequent years.
	Annual revenue from all tenures	$40.3 million	$37.8 million	Revenue target assumed new pricing regime flowing from pricing policy and strengthening of regional economies. Neither materialized. Revenue shortfall was offset somewhat by increased aquaculture revenues.
Market more surplus Crown land to stimulate the economy and create revenue	Total revenue from Crown land sales (Land Mgt. Division)	$7.2 million	Target surpassed ($8.6 million[3])	
	Total revenue from Crown land sales (Development and Marketing Division)	$42.8 million	$18.5 million	Target was readjusted to $17.5 million during the second quarter as a result of a low real estate market in the Interior. The corporation has established gross Crown land sales revenue targets of $42.5 million for 2003/04 and $72.4 million for 2004/05.
Revise operational policy to ensure a proactive approach to land use	New operational policies and online manual developed	Completed by December 31, 2002	Program started	Responsibility for this initiative transferred to MSRM.
Manage Land Act Reserves	Number of properties reviewed for relevancy as reserves	200	63	A project has been initiated to review reserves in South Okanagan region, which will be completed during 2002/03.

[3] Excludes "agency sales", Crown Land Account direct revenues and free crown grants

OBJECTIVE 2: Identify, actively market and promote emerging business opportunities on Crown land

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Build marketable land inventory	Number of properties approved for marketing	120 new properties by March 31, 2002	169 new properties	Target exceeded. Priority given to this activity. Inventory plan developed.
Develop and implement a strategy to market Crown land tenure opportunities to industry sectors such as agriculture, film, aggregates and telecommunications	Marketing strategies developed for agriculture, film, aggregates and telecommunications	4 marketing strategies developed by March 31, 2002	Targets revised	In 2002/03 LWBC will begin a limited pilot project that will be evaluated on the basis of land sold and converted into agricultural production. Explicit strategies will be advanced during 2002/03.
Co-operate with MSRM on the development and implementation of strategic and operational land-use plans	See comment	See comment	Worked with MSRM on implementing the Fraser River Management Plan	$862,500 for land use planning transferred to MSRM. Regions participated actively at the Inter-Agency Management Committee tables and in various Land and Resource Management Plan sessions and local plans. Joint initiatives and planning processes will continue in the coming years.
Support and champion the province's bid to host the 2010 Winter Olympics by identifying Olympic bid land needs and opportunities	Staff resources dedicated to work on the province's Olympic bid	2 FTEs	Target met	
	Opportunities identified and action plan for implementation prepared	Strategy completed by December 31, 2001	Targets met	Preliminary sites identified. Process has been expanded to incorporate wider community involvment. Olympic venue anticipated to be finalized by July 30, 2002.
	Opportunities implemented	Implementation by March 31, 2002	Targets revised	Necessary mapping and preliminary descriptions are expected to be in place by December 31, 2002.

OBJECTIVE 3: Partner with governments, First Nations and business communities to promote community economic development

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Develop targeted partnership opportunities leveraging Crown land as capital to foster local economies	# of new program level land-use plans (development opportunity studies) that focus on the capability and suitability of particular Crown land for specific development opportunities	3	4	Target exceeded. Plans developed for the Southern Interior and Northern Region Recreation cottage lots and North Vancouver Island Tourism Initiative.
Implement projects recommended in development opportunity plans	Number of opportunities realized (e.g., CR tenures, recreation lots, etc.)	Reported by quarter	9	9 inventory plans developed with projects to be implemented during 2002/03.
Work with industry and communities to target and build accessible public infrastructure using Crown land to leverage rapid economic growth (e.g., bringing high-speed Internet access to all communities)			In progress	LWBC will continue to work with the Ministry of Transportation to develop a government technology infrastructure policy for Crown lands.
Work with local communities to identify and implement priority initiatives (e.g., shellfish, gateway, community and institutional grants)	Annual number of community and institutional initiatives (e.g., number of tenures and property transfers that support community development)	20 initiatives	10	Free Crown grant applications were deferred due to pending changes to the free crown grant policy.
Generate First Nations economic development opportunities on Crown land through interim measures agreements	Economic and interim measures agreements with First Nations	10 agreements completed by March 31, 2002 (revised down from 12)	11 Memoranda of Understanding completed	Target exceeded. MOUs will result in new and diverse economic development employment opportunities for First Nations and rural/coastal communities.
Develop head lease agreements with local governments to facilitate local governments' participation in Crown land management	# of new agreements with communities on Crown land uses (e.g., head leases with local governments such as the Nanaimo Port Authority)	7 new agreements by January 30/2002	Discussions currently underway	The corporate focus on reduction of the application backlog and meeting the target turnaround times reduced the corporate capacity to engage in discussions with local government regarding new head-lease opportunities. However, Lower Mainland Region is working with the Village of Harrison Hot Springs to establish a head lease over their existing community foreshore tenure, which would allow increased commercial and recreational opportunities. The village is in the process of producing a management plan. Vancouver Island region finalizing offer for a 20-year Nanaimo River estuary head lease replacement.

GOAL 2: Provide the best client service to foster the highest level of private investment on Crown land

Land and Water British Columbia Inc. has dramatically improved its service to the public by reducing land application processing times by 50 per cent, ensuring that 90 per cent of applications are processed within reduced turnaround times, eliminating the historical application backlog, developing a more streamlined and transparent application process, standardizing operating practices across all regions, reducing referral agency turnaround times, establishing regional client service co-ordinators who provide clients and the public with a single contact and service continuity, and implementing electronic access to application forms and reasons for decision. The corporation is working with the Ministry of Sustainable Resource Management to meet government's commitment to reduce the regulatory burden by one-third by June 2004.

Objective 1: Eliminate existing land application backlog and provide faster decisions

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Reduce target application times to better meet clients' needs	Shorter target turnaround times established	Effective November 5, 2001 process within 140 days 90% of the time	Target met	The land application processing time was cut by 50%. Benchmark land application processing time targets will continue to be 140 days 90% of the time.
	Percentage of land-use decisions that meet target application turnaround times	65% by March 31, 2002	Target exceeded; 97% of applications received on or after November 5 were processed in 140 days or less	The LWBC target percentage of land applications processed within 140 days has been set at 90%.
Eliminate the current backlog of land tenure applications (applications more than one year old)	Percentage of processed backlog of land applications	45 % by September 5, 2001 (revised downwards from 100% by September 30, 2001)	Target exceeded; 62% eliminated	Each region was given a target number of applications that were to be completed by September 5, 2001.
		75% by December 31, 2001	Target exceeded; 85% eliminated	Concerted effort by region staff to meet aggressive targets.
		100% by March 31, 2002	97% eliminated	Policy development, carrying capacity and First Nation issues delayed the elimination of the remaining 3 %.
Redesign the land application process so that it is streamlined and transparent	New land application process in place in all regions	November 5, 2001	Target met; redesign implemented November 5, 2001	Redesign of the application process resulted in the corporation achieving its backlog and turnaround time targets.

Objective 2: Earn public trust through open and ongoing communications with clients and stakeholders

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Ensure transparent decision-making by quarterly publishing of land-use decisions, tenure mitigation requirements, business rules and service plans	Capacity to publish land-use decisions on the Internet	March 31, 2002	Target met on April 1, 2002	See Current Land Applications button at www.lwbc.bc.ca to view reasons for decisions. Service plans and other land and water information is also posted at this site.
Public have online access to tenure application information and maps of proposed sites	The public provided with online access to tenure application information and maps of proposed tenure sites	Pilot online access to commercial recreation applications in the Kootenay and Sea-to-Sky region by June 30, 2001	Targets met	Sea-to-Sky 14-month Transition Plan initiated in Fall 2000 to tenure unlicensed commercial recreation operators. Kootenay commercial recreation application information was posted to the Web site and was updated periodically. See Current Land Applications button at www.lwbc.bc.ca
		By March 31, 2002 public to have online access to aquaculture, aggregates, commercial recreation and telecommunications applications	Target met on April 1, 2002	Web application developed for posting all land program application information and reasons for decisions on the Internet.
Measure and improve client satisfaction through regular feedback	Ongoing client satisfaction program in place	Baseline survey completed November 15, 2001	Targets revised	Measurement of client satisfaction was deferred until after the application redesign process had concluded and water licensing functions had been fully integrated into LWBC. This strategy will be addressed during 2002/03.
Develop and execute a communications plan to secure public support for corporate goals and objectives	Completed communications strategy	September 30, 2001	Target met	A communications strategy was completed and adapted throughout the year to reflect results of the Core Services Review.

Objective 3: Reduce red tape and regulatory burden

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Designate one regional contact to respond to inquiries regarding an application or file	Client service co-ordinators established in each regional office	September 5, 2001	Target met; positions were in place September 5, 2001	The establishment of client service coordinators has resulted in significant improvements to client service by providing clients with a single contact person and service continuity. The implementation of a 1-800 number that connects to the co-ordinators has improved service delivery and achieved efficiencies.
Standardize operating practices across all regions by implementing a consistent application package, adjudication process and turn-around times	Standard operating practices established	November 5, 2001	Target met; implemented November 5, 2001	Redesign of the land application process included: consistent application standards and packages, business rules for processing applications within 140-day target turnaround times, and Web-based application forms.

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Work with other agencies and the Minister of State for Deregulation to remove regulatory barriers affecting service delivery (including referrals)		Umbrella agreements with WLAP, MSRM and MOF by October 31, 2001	Target met	Implementation of agreements that identify best practices and guidelines are producing shorter referral agency turnaround times.
		Regional agreements with WLAP, MSRM and MOF by November 30, 2001	Targets revised	Regional referral agreements with provincial agencies no longer required as a result of umbrella agreement.
		Umbrella referral management agreements with senior officials of federal referral agencies	Negotiations started with respect to aquaculture	Work with the federal government on referral processes has been slower than expected. LWBC expects to make more progress during 2002/03.
		Regional referral management agreements with federal regional referral agencies	Target revised	Regional referral agreements with federal agencies no longer required as they will be covered in the federal government umbrella agreement.

Objective 4: Develop alternative service delivery initiatives

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Develop electronic service delivery enabling clients to file applications, review application status, account status and to make payments online		March 31, 2002	Target met	Clients are now able to see application status and reasons for decision online. Account status information has been developed and is presently being tested internally. Roll-out to the public is anticipated during 2002/03.
Streamline billing process with major client groups	Capacity for streamlined billing for major clients (e.g., Telus)	December 31, 2001	Targets revised	Integration of Water Management into LWBC prevented project completion in 2001/02. The project is now scheduled for completion during 2002/03.
Develop (one-stop) application forms for four priority business areas that meet the information and data requirements of all provincial and federal referral agencies	New areas for one-window approach identified	Program feasibility analysis completed and submitted for review by deputy ministers by March 31, 2002	Target met for aquaculture and shellfish	
	Expanded tenure application forms developed and posted to LWBC's Web site	2001/02: Expanded forms available for aquaculture, aggregates, commercial recreation and telecommunications	Target met	Application forms available on the LWBC Web site. Development of forms for other business areas has started and is on schedule for completion in 2002/03.

GOAL 3: Optimize the public benefits from the use of Crown land consistent with the Province's principles of sustainability

Competing corporate priorities have strained our capacity to undertake an audit program of regional application processing practices, development of new pricing policies, and monitoring and enforcement of permitted uses on Crown land. A revenue action plan was deferred as a result of the Core Review Process and the shift to a shared services model as accountability and responsibility for this function were being reviewed.

Objective 1: Eliminate existing applications backlog and provide faster decisions

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Establish and implement an audit program to ensure tenure document consistency throughout the province	Number of audits completed	6 program audits annually involving no less than 100 tenures	In progress	While audit terms of reference have been developed, program start-up was predicated on the conclusion of the land application redesign process. This strategy has been moved forward to 2002/03.

Objective 2: Provide for fair and equitable pricing and effective revenue collection

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Ensure that revenue collection practices meet corporate standards	Revenue action plan that audits fees, rents and royalties developed	Action plan completed October 31, 2001	Targets revised	This project was deferred as a result of the Core Review Process and the transfer of responsibilities for water revenues. It will be completed during 2002/03.
	Percentage of rents collected within 30 days following due date	60%	66%	Target surpassed. A new invoice format improved communications with clients regarding amounts being invoiced, with the result that rents were collected in a more timely manner
Practice diligence by seeking direction on pricing from Treasury Board	Recommendations on pricing submitted to Treasury Board	November 1, 2001	LWBC has provided input into new pricing policies	In the fall of 2001 the Ministry of Competition, Science and Enterprise was mandated to lead a government-wide pricing review. MSRM is leading pricing policy on behalf of LWBC.

Objective 3: Ensure compliance and undertake enforcement

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Monitor permitted uses on Crown land to ensure compliance	Strategy to identify non-compliant tenures and trespass activities developed	Completed January 30, 2002	Targets revised	Backlog reduction dominated corporate efforts and prevented concerted focus on this topic. Enforcement strategy development and resourcing will be concluded during 2002/03.
Develop strategies and resourcing requirements	Strategies and resourcing approved	March 31, 2002	Targets revised	
Recognize tenure holders for outstanding environmental practices	Recognition program for tenure holders in place	Program ready by December 31, 2001	Targets revised	Backlog reduction, application redesign and integration of water licensing resulted in these strategies being moved forward to 2002/03.
		March 2002 awards	Targets revised	

GOAL 4: Become a high-performance organization with talent and vision

Efforts to increase operational efficiencies through shared services dominated corporate efforts to meet this goal. As a result, objectives and strategies relating to employee development, performance planning, recognition and classification have been revised and refocused for 2002/03.

Objective 1: Increase operational efficiency and cost-effectiveness

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Collaborate with MSRM and other partner agencies to achieve time and resource efficiency in decision-making	Operational agreements to reduce costs and improve client response through shared services established	October 31, 2001	Target met	The corporation has entered into shared services agreements with MSRM for communications, human resources and some corporate services.

Objective 2: Ensure that employees have the skills and training to achieve corporate goals and objectives

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Identify priority skills and training required to implement corporate goals and objectives	3-year corporate training strategy in place	December 31, 2001	Targets revised	While priority training requirements were undertaken the corporate strategy is under development to incorporate government's focus on leadership. It will be completed in 2002/03.
Complete individual performance plans to ensure high-quality service	Percentage of positions that have performance plans established	100% established annually	Targets revised	Through regular communication of corporate priorities, strategic shifts and deliverables, staff became aware of the corporation's new approach and service level expectations. Corporate performance measurements were tracked and discussed with staff on a regular basis. A new human resource strategy is nearing completion, and work is underway to implement a comprehensive Performance Planning framework in 2002/03.
Review all positions to ensure appropriate job classification and consistency with performance plans	Percentage of positions that have been reviewed	20% reviewed annually	Target surpassed; 24% (64 of 259 positions actually reviewed – excludes water)	Further work on this project will be undertaken in 2002/03.

Objective 3: Make LWBC an employer of choice

Strategies	Performance Measures	Targets	Actual	Explanation of Variance/Commentary
Develop and implement a mentoring program	Mentoring program in place	Completed by January 31, 2002	Targets revised	Deferred pending completion of the corporate human resource strategy.
Recognize and reward excellence	Recognition and reward program in place	Completed by December 31, 2002	Targets revised	Recognition activities were undertaken in 2001/02. Review and revision of the existing program is planned for the coming months.
Measure employees' satisfaction with LWBC	Staff satisfaction survey program in place	Completed by December 31, 2002 (moved forward from March 31, 2002)	Targets revised	Deferred pending full integration of water management program staff. Expansion of this project is included in our 2002/05 service plan.

Corporate Governance

Mandate and membership of the board of directors

Land and Water British Columbia Inc. is incorporated under the Company Act of British Columbia and the sole shareholder is the Province of British Columbia. The Minister of Sustainable Resource Management holds the share on behalf of the Province and reports to the legislature on behalf of the corporation.

The corporation also reports to a board of directors consisting of seven deputy ministers and the President and Chief Executive Officer of the corporation. The mandate of the board of directors is to provide strategic business direction and oversight that is consistent with the goals and objectives of the Minister of Sustainable Resource Management and the government.

Directors' activities and responsibilities are governed by legal requirements specified in the Company Act and guided by LWBC's Code of Conduct for Directors. The responsibilities primarily relate to acting honestly and in good faith; exercising a high degree of care, diligence and skill; disclosing any interest or conflict; acting in accordance with the British Columbia Company Act and other applicable legislation, regulations and policies, and the company's articles and bylaws; and approving changes in the company's bylaws and articles.

Present membership of the Board of Directors:

Jon O'Riordan	Chair of the Board and Deputy Minister of Sustainable Resource Management
Bill Valentine	President and Chief Executive Officer, Land and Water British Columbia Inc.
Jack Ebbels	Deputy Minister of Energy and Mines
Sharon Halkett	Chief Executive Officer, Crown Agencies Secretariat
Gordon Macatee	Deputy Minister of Agriculture, Food and Fisheries
Philip Steenkamp	Deputy Minister, Treaty Negotiations Office, Ministry of Attorney General
Paul Taylor	Deputy Minister of Finance
Derek Thompson	Deputy Minister of Water, Land and Air Protection

Mandates and membership of board committees

The board presently operates an executive committee and an audit committee.

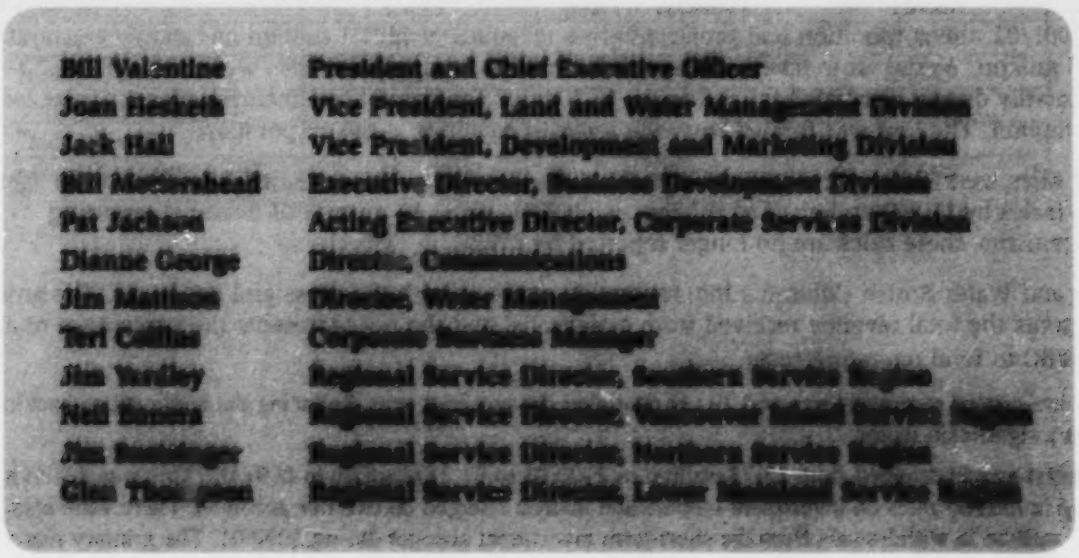
The mandate of the executive committee is defined by s. 14.5 of the corporation's Articles, namely to exercise, subject to any restrictions, limitations or regulations imposed by the directors, all the powers of the directors in the management and direction of the operations of the corporation, save and except only those acts that are required by law to be performed by the board of directors and to exercise those powers in accordance with specific directions given by the board of directors and in the absence of any such direction, in the manner as the executive committee may think fit.

Members of the executive committee are: Jon O'Riordan, Derek Thompson and Bill Valentine.

The mandate of the audit committee is to challenge internal and external auditors, recommend financial statements to the board of directors, obtain assurances that the corporation's accounting systems are reliable and that prescribed internal controls are operating effectively, evaluate corporate risks and their management, ensure compliance with all statutory and regulatory requirements, and report to the board of directors on its major discussions, decisions and the discharge of its responsibilities.

Members of the audit committee are: Paul Taylor, Bill Valentine and Philip Steenkamp.

Our Senior Management Team



Management Discussion and Analysis

Overview

Land and Water British Columbia Inc. (LWBC) is wholly owned by the Province, and previously operated as the British Columbia Assets and Land Corporation. The corporation is the agency responsible for managing and facilitating decisions on the use of Crown land and water, and as such, plays a key role in supporting provincial economic growth and development. Under an agreement approved by Treasury Board and a corresponding regulation under the Financial Administration Act, LWBC funds its operations through:

- land sales – the corporation is authorized to retain 10 per cent of land sales revenues, and a recovery for eligible expenses as defined in the agreement
- land tenure administration – LWBC receives 40 per cent of land tenure revenues and a recovery for eligible expenses.

In addition, internal operating and administrative costs not directly associated with the sale of specific Crown lands are recovered through various fees.

Operating Highlights

Income Statement Discussion

For 2001/02, the corporation had projected gross revenues of $104.1 million and net revenues of $26.5 million. Actual gross revenues were $65.7 million, and net revenues were $23 million. The loss is primarily due to a shortfall in land sales. In 2001/02 the corporation incurred a net income loss of $3.5 million. The loss was funded from the retained earnings of the corporation.

Land sales were initially forecast for 2001/02 at $61.7 million. This included $11.8 million in agency sales (sales by LWBC on behalf of BC Transit, BCTFA, etc.). As a result of financial reporting requirements, these sales are no longer reported by LWBC.

Land and Water British Columbia Inc. reports revenues at both the gross and net levels. The gross represents the total revenue received from operations, and the net represents the percentage retained by LWBC to fund operating costs.

- Tenure-related revenues increased 29 per cent over the previous year. Reducing the applications backlog was a significant factor.
- Interest earned dropped from $3.75 million in 2000/01 to $1.272 million in 2001/02. This was due to a drop in interest rates on investment income and interest charged on overdue accounts. There were also $25 million in withdrawals from the short-term investment account during 2000/01. The primary reason for the drop in interest earned is the more timely payments of revenue to the province. Land sales are paid quarterly and other revenues are paid monthly.
- Expenses in 2001/02 rose by seven per cent over the previous fiscal year, mainly due to increases in salary and benefit expenses attributable to salary increases as per the collective agreement, an increase in the percentage rate payable for employee benefits, and leave liability costs.
- LWBC's financial statements include the Business Partnership Division, which reports to the Minister of Finance. Revenues and expenditures relating to Business Partnership Division are approximately $1.3 million and are not a factor in the corporation's net loss position.

The following table sets out the corporation's revenues and expenses for the past three fiscal years:

($000s)	2001/2002	2000/2001	1999/2000
Net revenues	23,000	26,455	33,008
Expenses —			
Salaries and benefits	15,373	13,215	10,850
Consulting services	2,213	2,464	2,416
Corp. managed expenses	4,399	3,433	2,933
Other expenses	4,541	5,654	8,713
Total Expenses	26,526	24,766	24,912
Revenues less expenses	(3,526	1,689	8,096

Cash and Cash Equivalents

Cash and cash equivalents include the corporation's bank account and a temporary investment account managed by the BC Investment Management Corporation. The short-term investment account is comprised of units in the Province of British Columbia Pooled Investment Portfolios.

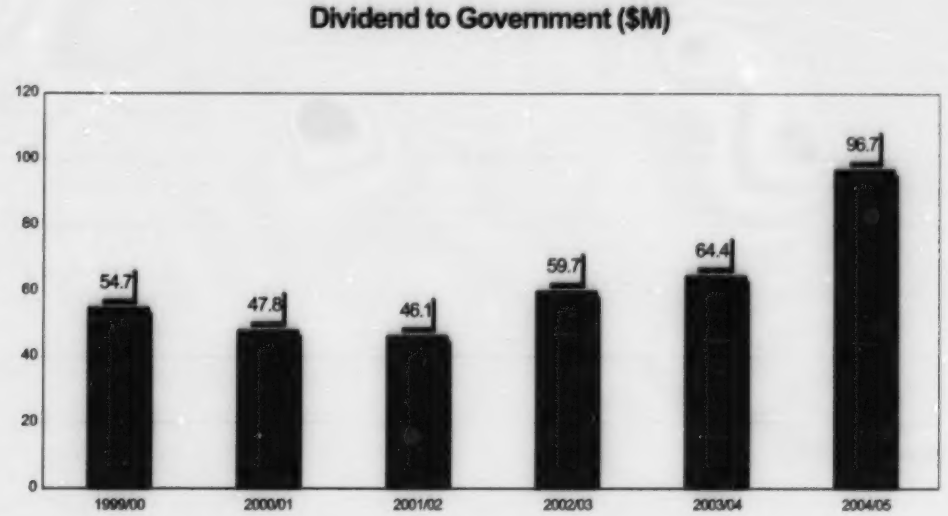
The corporation's working capital remained relatively stable throughout the fiscal year. The cash balance at March 31, 2002 was $13.0 million. The book value of the short-term investment account was $7.7 million.

The following table details the balances of cash and cash equivalents from April 1, 2001 to March 31, 2002.

($000s)	Cash	S-T Investment	Total
March 31, 2001	14,615	7,303	21,918
June 30, 2001	18,265	7,424	25,689
September 30, 2001	13,079	7,498	20,577
December 31, 2001	14,186	7,550	21,736
March 31, 2002	13,002	7,664	20,666

Payments to the Province

Revenues collected by the corporation are paid to the Ministry of Sustainable Resource Management (MSRM) – Crown Land Special Account. Tenure-related revenue is remitted monthly and land sales are paid on a quarterly basis. Revenue payments to the Crown Land Special Account are net of the corporation's eligible expenses and fees, as authorized by a regulation under the Financial Administration Act. Net Income represents the "Dividend to the Crown". The following chart illustrates past and projected LWBC dividends to government.



Effective April 1, 2002, responsibility for the Water Management Program was transferred to LWBC from MSRM. Funding for the program resides within the ministry's budget and the corporation recovers costs directly from the ministry. The data does not reflect revenues or expenditures for the Water Management Program.

Future Outlook

The following table sets out projected land revenues and expenditures for the subsequent three fiscal years.

($000)	2002/03 Budget	2003/04 Forecast	2004/05 Forecast
Gross Revenues			
Tenure revenue	31,500	34,800	38,100
Royalty revenue	9,300	9,800	10,300
Land sales	42,100	42,500	72,400
Other	1,400	1,500	1,600
Total Revenues	**84,300**	**88,400**	**122,400**
Operating Expenses			
Salaries and benefits	14,300	14,000	14,400
Facilities	2,100	2,200	2,100
Systems	1,700	1,700	1,900
Land-use planning	1,200	1,200	0
Consulting	1,100	900	1,000
Administration/Other	2,100	1,900	2,300
Total Expenses	**22,500**	**21,900**	**21,700**
Operating Income (loss)	**61,800**	**66,500**	**100,700**
Net Income (loss)	**59,700**	**64,400**	**96,700**

Key Assumptions

- Land values are stable or increasing during the three-year period.
- Land sales volume increases as resources are directed at inventory and property development.
- Project costs are assumed to average five per cent of gross land sales revenue.
- Tenure-related revenues increase by 10 per cent as a result of pricing increases and new business.
- In 2002/03, the corporation meets target standards of responsiveness in processing tenure applications.
- The corporation will achieve a 20 per cent efficiency gain within core operations.
- New business will be developed to expand dividend to government.

Financial Statements

For The Year Ended March 31, 2002

Management's Responsibility For Financial Reporting

The financial statements of Land and Water British Columbia Inc. have been prepared by management in accordance with generally accepted accounting principles. The financial statements present fairly the financial position of the company as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of reliable financial statements in a timely manner.

The Auditor General of British Columbia has performed an independent audit of Land and Water British Columbia Inc. The Auditor's Report outlines the scope of this independent audit and expresses an opinion of the financial statements of Land and Water British Columbia Inc.

Bill Valentine
President & CEO

Pat Jackson
Chief Financial Officer

Report of the Auditor General of British Columbia

To the Shareholder of Land and Water British Columbia Inc.:

I have audited the balance sheet of *Land and Water British Columbia Inc.* (formerly British Columbia Assets and Land Corporation) as at March 31, 2002 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly the financial position of *Land and Water British Columbia Inc.* as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wayne Strelioff

Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
May 3, 2002
except for Note 16 which is as of May 17, 2002

Audited Financial Statements

LAND AND WATER BRITISH COLUMBIA INC.
BALANCE SHEET
(in $000)

MARCH 31,	2002	2001
ASSETS		
Current assets		
Cash	13,002	13,573
Temporary investments (Note 3)	7,664	7,363
Accounts receivable	9,013	14,336
Mortgage receivable (Note 4)	1,789	1,789
Work-in-progress	7,051	5,770
	38,519	42,831
Property held for sale	16	16
Capital assets (Note 5)	1,850	1,437
	40,385	44,284
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	7,796	6,642
Deferred revenue (Note 15)	997	1,126
Due to the Province of British Columbia (Note 6)	13,713	14,991
	22,506	22,759
Deferred revenue	2,641	2,761
	25,147	25,520
SHAREHOLDER'S EQUITY		
Share capital (Note 11)	-	-
Contributed surplus	13,278	13,278
Retained earnings	1,960	5,486
	15,238	18,764
	40,385	44,284

Contingent liabilities (Note 12)

APPROVED BY THE BOARD:

Director

Director

The accompanying notes are an integral part of these financial statements.

LAND AND WATER BRITISH COLUMBIA INC.

STATEMENT OF CASH FLOWS

(in $000)

YEAR ENDED MARCH 31,	2002	2001
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	(3,526)	1,689
Items not affecting cash:		
Amortization of capital assets	770	498
Net increase (decrease) in non-cash working capital		
Accounts receivable	5,323	(3,772)
Work-in-progress	(1,281)	(1,348)
Accounts payable	1,154	2,021
Deferred revenue	(249)	2,804
Due to the Province	(1,278)	(90,746)
Cash flows generated from (used in) operating activities	913	(88,854)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of capital assets	(1,183)	(945)
NET (DECREASE) INCREASE IN CASH	(270)	(89,799)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	20,936	110,735
CASH AND CASH EQUIVALENTS – END OF YEAR	20,666	20,936
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	13,002	13,573
Temporary investments	7,664	7,363
	20,666	20,936

LAND AND WATER BRITISH COLUMBIA INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

(in $000)

YEAR ENDED MARCH 31,	2002	2001
	$	$
REVENUES		
Fees (Note 7)	17,647	17,728
Recoverable costs (Note 8)	2,726	3,954
Interest earned (Note 9)	1,272	3,795
Other revenue	1,355	978
	23,000	26,455
EXPENSES		
Administration	1,757	1,680
Amortization	770	498
Contract services	2,213	2,464
Project costs (Note 8)	2,784	3,974
Rent	1,958	1,438
Salaries and benefits	15,373	13,215
Telecommunication and systems	1,671	1,497
	26,526	24,766
NET (LOSS) INCOME FOR THE YEAR	(3,526)	1,689
RETAINED EARNINGS – BEGINNING OF YEAR	5,486	3,797
RETAINED EARNINGS – END OF YEAR	1,960	5,486

1. Accompanying notes on the financial statements (in $000)

The Corporation

Land and Water British Columbia Inc. (the "corporation"), wholly owned by the Province of British Columbia, was incorporated under the Company Act of British Columbia, on January 5, 1983, as W.L.C. Developments Ltd. Effective June 1, 1998, the corporation's name changed to British Columbia Assets and Land Corporation and on February 15, 2002, the company name changed to Land and Water British Columbia Inc.

The corporation's three major divisions and principal objectives are:

- Development and Marketing Division - develop and market Crown lands on behalf of the Province of British Columbia
- Land Management Division - administer Crown land tenures on behalf of the Province of British Columbia
- Business Partnerships Division - manage the marketing of, or public/private partnership arrangements concerning, major government assets or operations on behalf of the Province of British Columbia.

The corporation is exempt from federal and provincial income taxes.

2. Significant accounting policies

Financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Temporary investments consist of units in Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and market value. Income attributed to the units represents the unitholder's share of interest earned by the portfolio and may be realized upon sale of units.

Work-in-progress represents eligible development and marketing expenses incurred to promote the sale of designated Crown land and major government assets. These expenses are recoverable when the Crown land or assets are sold or other arrangements made. Operating or administrative expenses of the corporation are excluded.

Property held for sale represents Whistler, British Columbia landholdings and improvements recorded at the lower of cost and estimated net realizable value.

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. The half-year rule of amortization is applied in the first year of acquisition. Assets costing less than $1,000 are expensed when purchased.

• Computer equipment and software	Three years
• Furniture and equipment	Five years
• Leasehold improvements	Over the term of the lease

Fees are recognized from:

- land sales when all material requirements related to the transactions have been met and the appropriate cash down payment or appropriate security has been received
- crown land tenures when the tenures are due
- government asset sales in accordance with the contractual obligation for the sale of the asset.

Use of estimates: The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures of work-in-progress at the date of the financial statements. Actual results could differ from these estimates.

3. Temporary investments

	2002	2001
Cost	7,664	7,363
Unrealized gain (loss)	(1)	12
Market value	7,663	7,375

4. Mortgage receivable

The corporation accepted a first mortgage from Blackcomb Skiing Enterprises Limited Partnership for the sale of land. The principal and 4% interest is payable on August 31, 2002.

5. Capital assets

	2002			2001
	Cost	Accumulated Amortization	Net	Net
Computer equipment and software	2,247	1,211	1,036	935
Furniture and equipment	828	227	601	323
Leasehold improvements	335	122	213	179
	3,410	1,560	1,850	1,437

6. Due to the Province of British Columbia

The corporation, pursuant to a number of different agreements, collects moneys on behalf of the Province of British Columbia and remits to the Province its portion.

	2002	2001
Due to the Province		
Land sales	8,546	11,077
Land tenure	5,152	3,840
Acquaculture	1	12
Trade	14	62
	13,713	14,991

7. Fees

	Fees	Rent	Tenure	Other	2002	2001
Development and Marketing	1,515	16	—	29	**1,560**	2,929
Land Management	1,002	9,362	4,147	1,551	**16,062**	14,606
Business Partnerships	25	—	—	—	**25**	193
	2,542	9,378	4,147	1,580	**17,647**	17,728

8. Recoverable costs and project costs

On completion of Crown land and asset sales, the corporation is reimbursed all eligible project costs related to the sale.

9. Interest earned

Interest earned on funds held on behalf of the Province is reported as income of the corporation, as authorized by the delegation agreement signed with the Province of British Columbia.

10. Related party transactions

The corporation is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

The corporation is economically dependent upon the Province to provide Crown land and major government assets to market and sell, and on the assignment of responsibility for administering Crown land tenures as a means of generating revenue.

11. Share capital

The corporation has authorized capital consisting of 10,000 common shares with no share value. The Minister of Sustainable Resource Management holds the one common share issued as representative of Her Majesty the Queen in right of the Province of British Columbia.

12. Contingent liabilities

The corporation is the defendant in legal actions and it is not expected that the ultimate outcome of these claims will have a material effect on the financial position of the corporation.

13. Commitments

The corporation has entered into facilities leases for office space expiring on various dates to 2011 and a systems lease for the Tantalis Land Management System until March 2003. Future minimum payments under these leases for the next five years are:

2003	$1,908
2004	1,618
2005	1,476
2006	959
2007	577
Total	**6,538**

14. Post Retirement Benefits

The corporation and its employees contribute to the Public Service Pension Plan in accordance with the Public Service Pension Plans Act. The Public Service Pension Plan is a multi-employer, defined benefit plan and is available to substantially all of the corporation employees. On behalf of employers, the British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The most recent actuarial valuation (March 31, 1999) has determined the plan is in a surplus position. The corporation also annually contributes through the provincial government payroll system for specific termination benefits as provided for under collective agreements and conditions of employment. The cost of these employee future benefits are recognized as an expense in the year that contributions are paid. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship where the management, risks and benefits are shared by the employers and employees.

15. Ecotourism Initiatives

During 2002, Land and Water British Columbia Inc. received funding in the amount of $390,000 from the Ministry of Sustainable Resource Management. This funding is directed by the ministry to be spent on funding to organizations for ecotourism initiatives in 2003.

16. Subsequent Events

Effective April 1, 2002, the responsibility for the administration and licensing of Crown water resources was transferred from the Ministry of Sustainable Resource Management to Land and Water British Columbia Inc.

On May 17, 2002, the corporation purchased shares in the capital of 617548 B.C. Limited from the Pacific National Exhibition for $17,961,087.84.

17. Comparative Amounts

Certain 2001 comparative figures have been reclassified to conform to the presentation adapted in the current year.

Contact Us

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